

## Message Text

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PAGE 01 OSLO 00474 011527Z

73

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 CIEP-02 TRSE-00 OMB-01

SCI-06 FEA-02 INT-08 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 NEA-11 CEA-02 DRC-01 /148 W

----- 036263

R 011149Z FEB 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 7738

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

USMISSION NATO

AMEMBASSY STOCKHOLM

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STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, NO

SUBJECT: ENERGY: OIL SUPPLY SITUATION IN NORWAY

REF: HELSINKI 161 (NOTAL)

BEGIN SUMMARY: NORWAY'S OIL SUPPLY OUTLOOK HAS IMPROVED CONSIDERABLY. CONTROLS ON CONSUMPTION ARE BEING RELAXED, AND MOST AUTHORITIES AND OIL COMPANIES BELIEVE NORWAY IS OVER THE HUMP. THERE IS SOME OFFICIAL IRRITATION OVER THE USSR'S FAILURE TO DELIVER

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PAGE 02 OSLO 00474 011527Z

ALL THE OIL CONTRACTED FOR IN 1973, ALTHOUGH ANOTHER CONTRACT

FOR 1974 IS POSSIBLE. END SUMMARY.

1. NORWAY'S OIL SUPPLY OUTLOOK HAS IMPROVED SO MUCH RECENTLY THAT THE GOVERNMENT ANNOUNCED ON JANUARY 30 THAT IT HAD PUT OFF GASOLINE RATIONING INDEFINITELY AND HAD SUSPENDED THE WEEKEND DRIVING BAN. GASOLINE AND NAPHTHA ARE STILL IN TIGHTER SUPPLY THAN LIGHT AND HEAVY OIL, BUT THE GOVERNMENT IS LOOKING INTO THE POSSIBILITY OF DIRECT SUPPLEMENTARY PURCHASES ON THE OPEN MARKET THROUGH ONE OF THE INTERNATIONALS OPERATING IN NORWAY. EVEN IF THESE PURCHASES DO NOT MATERIALIZE, THE GOVERNMENT BELIEVES IT CAN GET BY WITHOUT FURTHER RESTRICTIONS, UNLESS REGULAR SUPPLIES ARE INTERRUPTED. THE GOVERNMENT ALSO HOPES THAT RESTRICTIONS ON DELIVERIES OF HOME HEATING OIL AND OF HEAVY OIL TO INDUSTRY CAN BE RELAXED SHORTLY, AND IT HAS PURCHASED ON THE OPEN MARKET THROUGH ESSO AND SHELL SMALL QUANTITIES OF HEAVY OIL.

2. NORWEGIAN UNDER SECRETARY MAGNUSEN HAS TOLD THE EMBASSY THAT RECENT PRESS REPORTS THAT THE PRIVATE NORWEGIAN FIRM, NOREXIM, HAS CONCLUDED AN AGREEMENT WITH SOVIET AUTHORITIES FOR THE PURCHASE DURING 1974 OF 600,000 TO 700,000 TONS OF PRODUCT ARE FALSE. THE PRODUCT WOULD PRESUMABLY BE BOUGHT ON TERMS SIMILAR TO THOSE THE SOVIETS ARE NEGOTIATING WITH FINLAND. ALTHOUGH NOEXIM IS AN OLD SOVIET CUSTOMER, MAGNUSEN SAID THAT THE NORWEGIAN GOVERNMENT HAD NO PRESENT INTENTION OF UNDERWRITING OR SUBSIDIZING SOVIET OIL PURCHASED BY NOREXIM. IF SOVIET OIL IS PURCHASED, IT WOULD PROBABLY BE BOUGHT BY THE NORWEGIAN GOVERNMENT. HE SAID SUCH A PURCHASE WAS POSSIBLE, BUT DECLINED TO ELABORATE.

3. MAGNUSEN SAID THAT HE THOUGHT THERE WAS SOME QUESTION WHETHER THE SOVIETS BREACHED THEIR 1973 CONTRACT WITH NOREXIM BY REFUSING TO COMPLETE DELIVERY UNLESS NOREXIM PAID MORE. THE SOVIETS CLAIM THEY HAVE NOT VIOLATED THE CONTRACT AND THAT ALL OTHER CUSTOMERS HAVE AGREED TO PRICE INCREASES. HOWEVER, FOREIGN MINISTER FRYDENLUND TOLD ME THAT HE IS DISTURBED BY THE FAILURE OF THE SOVIETS TO DELIVER ALL THE OIL CONTRACTED FOR AND THAT THE SOVIETS HAD NOT DEMANDED HIGHER PRICES FROM ALL THEIR OTHER CUSTOMERS.

BYRNE

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PAGE 03 OSLO 00474 011527Z

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SUPPLIES, GOVERNMENT PROCUREMENT, PETROLEUM PRODUCTS, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974OSLO00474  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** HELSINKI 161 (NOTAL)  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 MAR 2002 by martinml>; APPROVED <31 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ENERGY: OIL SUPPLY SITUATION IN NORWAY  
**TAGS:** ENRG, NO, UR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005